

# **REPORT OF THE AUDITOR GENERAL TO THE MEMBERS OF THE COUNCIL ON THE FINANCIAL STATEMENTS OF MOLOPO LOCAL MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2006**

## **1. AUDIT ASSIGNMENT**

The financial statements as set out on pages ..... to ....., for the year ended 30 June 2006, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996, read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004) and section 126 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). These financial statements are the responsibility of the municipal manager. My responsibility is to express an opinion on these financial statements, based on the audit.

## **2. SCOPE**

The audit was conducted in accordance with the International Standards on Auditing read with *General Notice 1512 of 2006*, issued in *Government Gazette* no. 29326 of 27 October 2006. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements
- assessing the accounting principles used and significant estimates made by management
- evaluating the overall financial statement presentation.

I believe that the audit provides a reasonable basis for my opinion.

## **3. BASIS OF ACCOUNTING**

The municipality's policy is to prepare the financial statements on the entity specific basis of accounting as described in paragraph 1.1 of the accounting policies to the financial statements.

## **4. AUDIT OPINION**

In my opinion, the financial statements have been prepared, in all material respects, in accordance with the basis of accounting described in paragraph 1.1 of the accounting policies to the financial statements and in the manner required by the MFMA.

## **5. EMPHASIS OF MATTER**

Without qualifying the audit opinion, attention is drawn to the following matter:

5.1 Certain control weaknesses existed relating to the updating of the leave register and the asset register, the control over the use of council vehicles and the approval of overtime.

## **6. APPRECIATION**

The assistance rendered by the staff of Molopo Local Municipality and Bophirima District Municipality during the audit is sincerely appreciated.

AJ Grobler *for* Auditor-General

Rustenburg

15 November 2006



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